CSB REDUX

Eligibility and Process

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Agenda

- Types of Retired Pay Systems
- Impact of REDUX on Retired Pay
- Career Status Bonus
- CSB Election Process

Types of Retired Pay Systems

Final Base Pay = joined prior to 8 Sep 80
High Three = joined between 8 Sep 80 – 31 Jul 86
CSB/REDUX = joined on 1 Aug 86 or after

<u>Creditable status includes:</u>
DEP, ROTC, Military Academy, and Health Professions
Scholarship Program

Final Base Pay Formula

DIEMS is prior to 8 Sep 80

Years of Service x 2.5% x final base pay = $ Retired Pay

Retired pay is calculated against the amount of the base pay at retirement

- Multiplier is 2.5% per year of active service plus 1405 time
- COLA is at full rate as determined by the Consumer Price Index

High Three Average Formula

DIEMS is between 8 Sep 80 – 31 Jul 86
Or AGR member eligible for REDUX declined the Career Status Bonus

Years of Service x 2.5% x average 36 mo base pay = $ Retired Pay

Retired pay is calculated against the average of the member's highest 36 months of base pay

- Multiplier is 2.5% per year of active service plus 1405 time
- COLA is at full rate as determined by the Consumer Price Index

REDUX Formula

DIEMS is 1 Aug 86 or later

AGR member accepted the Career Status Bonus ($30,000) at 15 years of active service

- Retired pay is calculated against the average of the member's highest 36 months of base pay
- Multiplier is based on:
  - First 20 years multiplied by 2.0%
  - Each year after 20 until 30 multiplied by 3.5%
  - Reverts to 2.5% after 30 years
- **COLA is 1% less than the full rate as determined by the Consumer Price Index**
  - One time catch up at age 62

Impact of REDUX on Retired Pay

Based on E7 with 20 years active service

Cumulative Difference Between REDUX and High-3	
20-Year Retirement Income	**40-Year Retirement Income**
Total income under **REDUX: $450,220**	Total income under **REDUX: $1,461,283**
Total income under **High-3: $622,504**	Total income under **High-3: $1,768,848**
Difference: $172,284	**Difference: $307,565**

At age 62 REDUX members benefit from a pay adjustment: the REDUX retirement pay becomes equal to High-3 and the full cost of living adjustment is applied. When the member turns 63, COLA reverts back to CPI minus 1 percent.

Year	Age	Monthly High-3 Pay	Annual High-3 Pay	Monthly REDUX Pay	Annual REDUX Pay
2010	38	$1,911	$22,932	$1,529	$18,346
2011	39	$1,970	$23,643	$1,561	$18,731
2012	40	$2,031	$24,376	$1,594	$19,124
2013	41	$2,094	$25,132	$1,627	$19,526
2033	61	$3,857	$46,280	$2,466	$29,589
2034	62	$3,976	$47,715	$3,976	$47,715
2035	63	$4,100	$49,194	$4,060	$48,717
2036	64	$4,227	$50,719	$4,145	$49,740

CSB (Career Status Bonus)

- AGR members whose DIEMS is 1 August 1986 or later are eligible for a one time $30,000 bonus at their 15th year of active service.
  - Bonus can be taken as lump sum or up to five annual payments.
  - Money can be transferred to TSP (with limitations)
  - No restrictions on what is done with money.
  - Money is Taxable in most cases!
- If the bonus is accepted, the AGR member is agreeing to serve at least 20 years active service
  - If separated from active service, except for medical disability, prior to 20 years the bonus will be recouped

CSB - Continued

- If CSB is accepted, the AGR member is agreeing to fall into the REDUX category for retirement.

- If the CSB is declined, the AGR member will revert to High 3 retirement system.

- AGR members should be counseled at 14 ½ years on the CSB/REDUX program.

- DD 2839 recording the member's election to receive or decline the bonus should be placed in IPERMs and retained in local AGR files.

- DD 2839 must be sent to the Transition Center at the time of the member's retirement.

CSB Election Process

DD 2839 preparation

- Block 1-3 Service Member info
- Block 4 Date Initially Entered Military Service (DIEMS)
- Block 5 – Basic Active Service Date (BASD)
- Block 6 – Make this date the day the form is signed.
- Block 7 – Check eligible to receive

CSB Election Process

- Block 8 date should be same as Block 6 date
- Block 9 Signature by O5 or higher.
- Soldier completes Section IV or V to accept or decline the bonus. Make dates match block 6.
- Section VI – make dates match block 6.
  - Recommend witness be O5 or higher.

Top Three Take Aways

1. Cola for REDUX retired pay is 1% less than the full rate.
2. The CSB is taxable in most cases.
3. Consult a financial planner before making your CSB/REDUX election!